

**MINUTES
of the
FIRST INTERIM MEETING
of the
CAPITOL BUILDINGS PLANNING COMMISSION**

**May 21, 2007
Room 321, State Capitol
Santa Fe**

The first 2007 interim meeting of the Capitol Buildings Planning Commission (CBPC) was called to order by Speaker Ben Lujan and Secretary Arturo Jaramillo, co-chairs, on May 21, 2007 at approximately 1:20 p.m. in Room 321 of the State Capitol in Santa Fe.

PRESENT

- ◆ Representative Ben Lujan, Speaker of the House of Representatives, Co-Chair
- ◆ Arturo Jaramillo, Secretary, General Services Department (GSD), Co-Chair
- ◆ Senator Ben D. Altamirano, President Pro Tempore
- ◆ Katherine B. Miller, Secretary, Department of Finance and Administration (DFA)
- ◆ Representative Thomas C. Taylor
- ◆ Administrative Services Division Director Emilio Martinez, designee for Stuart Ashman, Secretary, Cultural Affairs Department (CAD)
- ◆ Deputy Secretary Gary Giron, designee for Rhonda Faught, Secretary, Department of Transportation (DOT)
- ◆ Joyce Pankey, designee for Patrick Lyons, Commissioner of Public Lands, State Land Office (SLO)
- ◆ Deputy Director Jeff Varela, designee for Arthur W. Pepin, Director, Administrative Office of the Courts (AOC)
- ◆ Senator Stuart Ingle, Minority Leader
- ◆ Chief Operations Officer Clarence Smith, designee for James B. Lewis, Treasurer, State Treasurer's Office

STAFF

- ◆ Paula Tackett, Director, Legislative Council Service (LCS)
- ◆ Roxanne Knight, LCS
- ◆ Anesa Serna-Espinoza, LCS
- ◆ Bill Taylor, Director, Property Control Division (PCD), GSD

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, May 21

Welcome and Introductions

Speaker Lujan and Secretary Jaramillo, co-chairs, welcomed commission members. Mr.

Lewis, the recently elected state treasurer, was added to the commission's membership during the 2007 legislative session by Senate Bill 1061, Laws 2007, Chapter 64; however, he was unable to attend and had Mr. Smith attend on his behalf.

The first order of business was the unanimous adoption of the January 12, 2007 minutes.

Update on CBPC Legislative Initiatives

Ms. Tackett presented to the commission the following legislative updates from the 2007 session that were signed into law.

- **Lease-purchase legislation (HB 1022, Laws 2007, Chapter 64)**

Ms. Tackett explained that House Bill 1022, sponsored by Speaker Lujan, established a procedure through enabling legislation for the lease purchase of buildings for the state, as was authorized in Constitutional Amendment 2 in the 2006 general election. More specifically, the bill requires the approval of the legislature for state agencies to enter into certain financing agreements, and it requires that certain titles to property be issued in the name of the PCD when the state agency entering into the agreement is subject to the jurisdiction of the PCD pursuant to the Property Control Act. However, legislative ratification does not create a legal obligation for the state agency to continue the lease from year to year or to purchase the real property. It is anticipated that the lease-purchase agreements will ultimately provide another financing option for the construction and purchase of state facilities. This bill does not include state educational institutions or public schools, including state-chartered charter schools; they are handled in other enabling legislation.

- **Capitol North renovations (HB 1137, Laws 2007, Chapter 192)**

Ms. Tackett then informed the commission of the \$4.5 million in appropriations made in House Bill 1137 from the Capitol Buildings Repair Fund and legislative cash balances for planning, designing, constructing and renovating the Capitol North and for limited renovations at the Capitol. This legislation addresses immediate space needs and provides for the development of long-range space plans for all of the agencies at the Capitol and Capitol North.

- **CBPC membership; expanded authority to Las Cruces (SB 1061, Laws 2007, Chapter 64)**

Senate Bill 1061 expands the long-range facility needs master planning authority of the commission and provides that the commission will oversee master planning of state capital needs in Las Cruces and will conduct a review of state properties throughout New Mexico for the development of an overall master plan.

The bill also adds the state treasurer as a member of the commission.

This bill increases the State Building Bonding Act capacity to \$100 million (it formerly was \$90 million) secured by a \$530,000 monthly distribution of state gross receipts taxes (an increase of \$30,000 per month or \$360,000 per year) to the State Building Bonding Fund. It provides capacity to complete the state "tri-lab" in Bernalillo County and to purchase the Coughlin Building within the Central Capitol Complex, which will round out the property at the Main Capitol Complex.

Ms. Tackett explained that the bill removed the current expenditure cap on the tri-lab, which

will allow for more funding from the added bonding capacity.

Senate Bill 1061 provides that the state office building tax revenue bonds outstanding at any one time shall not exceed \$100 million.

Appropriations made in the bill consist of \$350,000 of the bond proceeds to the LCS for expenditure through fiscal year 2009 for the master planning process for state facilities, which will be undertaken by the CBPC. Balances remaining after fiscal year 2009 revert to the State Building Bonding Fund. An additional \$11 million in severance tax bond funding goes to PCD for expenditure in fiscal years 2007 through 2011 for the tri-lab land purchase and construction; \$1.5 million from the Property Control Reserve Fund and \$3.5 million from the Public Buildings Repair Fund for the purchase of federally owned property within the West Capitol Complex; and \$1 million from the general fund for the state laboratory.

New Mexico Finance Authority Update on Financing for Projects

Ms. Tackett introduced William C. "Bill" Sisneros, chief executive officer of the New Mexico Finance Authority (NMFA), who explained the sources and uses of the NMFA funds in Senate Bill 1061.

Mr. Sisneros discussed the effect of the bill on the revenue stream, which increases the monthly distribution from state gross receipts tax (GRT) by \$30,000 or \$360,000 per year more to the State Building Bonding Fund. With the revenue increase, bonding capacity is increased by \$10 million (from \$90 million to \$100 million). This changes the funding authority into a revolving line of authority when principal is paid and capacity is opened up.

Mr. Sisneros explained that the bonds from GRT intercept prior to Senate Bill 1061 provided \$90 million of bond authority for: 1) the PERA Building purchase; 2) the NEA Building; 3) the purchase of land at the Jaguar property; and 4) the South Capitol Complex. Approximately \$58.2 million of authority has been used for bond issues, in which \$31 million of used capacity existed. With the existing capacity and the additional \$10 million of new bond authority from Senate Bill 1061, the capacity is almost reaching \$42 million, which will be used for the state labs and other projects.

Mr. Sisneros reviewed the various revenue sources that will be used for construction of the state labs project, which is estimated to cost \$86 million:

- \$11.1 million from prior special appropriations to the Department of Health (DOH);
- \$17 million from the severance tax, SWEEP;
- the DOH share of cigarette tax bonds consisting of \$13.7 million;
- cash accumulated from cigarette taxes of \$6.5 million;
- the state GRT bond existing capacity of \$18.8 million;
- Senate Bill 1061 new bond capacity of \$7.9 million; and
- the Senate Bill 1061 severance tax bonds (STB) appropriation of \$11 million.

Other projects he reviewed were the Capitol Campus parking structure, which has an estimated cost of \$11.5 million. Funding sources for the parking structure come from existing bonding authority. The estimated cost of \$1.5 million for purchase of the Coughlin Building is to be funded from the additional bonding authority.

Other appropriations from Senate Bill 1061 to the PCD included \$1.5 million from the Property Control Reserve Fund and \$3.5 million from the Public Buildings Repair Fund for acquisition of the property within the West Capitol Complex. Additionally, \$1 million was appropriated from the general fund to the PCD for plan and design of a state police crime lab in Albuquerque.

Senator Altamirano asked whether the NMFA had automatic inflationary adjustments built into the project funding, to which Mr. Sisneros responded that the NMFA does not. Increased costs have to be addressed through the appropriation process, and Ms. Tackett explained that future capacity would have to go to projects approved by the commission.

PCD Legislative Update on CBPC Resolutions and Related Items

Mr. Taylor informed the commission of the joint resolutions passed during the 2007 session.

- **HJR 8 - Sale of property on Galisteo**

The property on Galisteo is no longer needed for the original intent of a state library, archives and records center, so it may now be sold or traded for real estate more advantageous for state use. Proceeds of the sale can be used to acquire other property. Prior to any sale or trade of the property, the action must be approved by the CBPC.

When questioned about the reasons for agencies not wanting to locate to the Galisteo property, Mr. Taylor informed the commission of problems with congestion and traffic in that area.

- **HJR 14 - Youth Diagnostic and Development Center (YDDC) land near Edith Boulevard; lease, sell or trade**

House Joint Resolution 14 authorizes and directs the GSD to take certain actions in connection with state-owned property in Bernalillo County to ensure that the widening of Edith Boulevard proceeds. The GSD is authorized to lease the property for up to five years to Bernalillo County while the county negotiates an exchange for or purchase of the property. Under the terms of the lease, the county is allowed to construct a water-detention pond on the property. The GSD is authorized to sell, lease or exchange the property, subject to approval of the CBPC.

- **SJR 16 - Old Metro Court**

Mr. Taylor explained that Senate Joint Resolution 16 ratifies and approves the lease, sale or trade of real property in Bernalillo County known as "Albuquerque Government Center" or "Old Metro Court". The property is not needed by the state for any purpose and should be leased, traded or sold. The PCD is authorized to lease the property at 401 Roma Avenue NW in Albuquerque for a term of more than 25 years. If the PCD is unable to lease the property "as is", the division may trade or sell it. The property may not be leased, sold or traded until the sale or trade has been reviewed by the CBPC. The PCD has prepared, and is in the process of issuing, a letter of interest this week to parties of interest in leasing the surplus state property. Speaker Lujan indicated his support for generating revenue from this property.

- **SJR 13 - Las Cruces property**

Senate Joint Resolution 13 grants approval to sell land in Las Cruces owned by the PCD on behalf of the Workers' Compensation Administration (WCA) or to exchange the land for land

owned by the City of Las Cruces in Dona Ana County. Mr. Taylor stated that the property located in downtown Las Cruces was purchased by the PCD from the WCA Fund to acquire land. As part of the city's downtown revitalization efforts, the City of Las Cruces has expressed an interest in acquiring the property. The WCA in Las Cruces may be co-located with other state agencies in a state office building, and funds appropriated to house the WCA in Las Cruces may contribute to a state office building.

- **PCD - Additional budget and staffing request for capital projects**

Mr. Taylor reported that the 2007 legislative session resulted in an increase to the PCD's operating budget of \$450,000 and an increase of two full-time employees (FTE) to the division. The two additional FTEs are identified as a program manager and a management analyst. The program manager's task will primarily include the support of the Facility Focus Project Management Software, which is in the implementation stage at the PCD. The management analyst will be tasked with developing proper and best practices for project and property processes within the division and the department. Both positions will assist and support project data collection in the implementation of the master plan. Senate Bill 555, passed this session, changes the procurement statute as it relates to the PCD. The PCD is now authorized to proceed with multiple awards through the architectural or engineering design selection process. The legislature increased small purchase contracts for professional services from \$25,000 to \$50,000 and it only requires State Board of Finance (SBOF) approval of construction contracts that are over \$500,000, thus allowing the PCD to proceed more quickly on contracts under \$500,000.

Status of Albuquerque and Los Lunas Master Plan

John Petronis and Andy Aguilar of Architectural Research Consultants (ARC) presented to the commission an updated status report of the Capitol Buildings Master Plan. They reviewed the handout on the Los Lunas and Albuquerque site analyses.

They began by identifying the sites in the study that include: 1) the Super Block Complex located at the YDDC site; and 2) the grasslands, Los Lunas Hospital and corrections lands in Los Lunas.

They explained the criteria used for the development analyses, which consist of answering two strategic questions: 1) are the sites being used to their highest potential use; and 2) what should be the long-term strategy for site use and reinvestment? Questions to be answered for data gathering include: 1) what are the condition and capacity of sites for current and possible future uses; 2) does the current and projected future context support current use or suggest alternative uses; and 3) what are current and future demand characteristics of programs occupying the sites?

There was considerable discussion among the commission members about the water rights issues in Los Lunas and whether interchanges and overpasses had been funded through either GRIP I or GRIP II. The co-chairs and Senator Ingle requested follow-up to address these concerns. Also, Deputy Secretary Giron stated that he would report back to the commission on matters relating to the DOT.

- **Super Block Complex (YDDC and Edith Boulevard site)**

Issues identified with the Super Block (YDDC) site in Albuquerque include multiple users, e.g., Children, Youth and Families Department (CYFD), DOH, New Mexico Corrections Department (NMCD) and DOT, and their uses of the site as a secure treatment, corrections, administrative and maintenance facilities. The majority of the buildings are in fair or poor condition based on the 3DI facility assessment. The complex is in a commercial and industrial area where developments will eventually encroach on the site, which is adjacent to the interstate and to rail lines. The Super Block Complex has the potential to be an Albuquerque state campus.

The issues with the Super Block Complex at the Edith Boulevard site are its current and planned uses. It is largely vacant and provides a temporary facility to house a training program for the Girl's Reintegration Program. In recent agreements reached with Bernalillo County, a retention pond will be constructed on the western portion of the property. A right of way has been given to the county for access on the northeastern boundary. The Edith Boulevard site has limited land available for permanent facilities and a Rail Runner station or support for Super Block functions. House Joint Resolution 14 authorizes a lease not to exceed five years for Bernalillo County to negotiate an exchange or purchase of the western portion of the property at YDDC.

- **Los Lunas (grasslands, Los Lunas Hospital and corrections lands)**

The grasslands site in Los Lunas, as explained by Mr. Petronis, is vacant land of about 288 acres and possesses a long-term asset with water rights. It is in a fast-growing area of Los Lunas with I-25 and Highway 314 adjacent to the property and planned communities on the south. It is identified as an area with a strong potential for sale or lease to commercial interests.

Speaker Lujan inquired about the water rights belonging to the state in this area and asked that those be identified and that the information be made available to the commissioners before the next CBPC meeting. Mr. Taylor responded that the PCD is working with the Office of the State Engineer to obtain the information.

The Los Lunas Hospital site was broken down into three portions: 1) the western portion is vacant, developable land; 2) the central portion is the former hospital complex occupied by multiple state users; and 3) the eastern section is leased to others. Issues with the site include that the majority of the hospital, or 85 percent of the facilities, should be demolished. The site is more dense than the residential and commercial area of the Village of Los Lunas. It lies adjacent to Main Street (Highway 60) bordering on the south side. Its proposed use is for a behavioral health program, which received funding in the 2007 legislative session. Suggested potential for the site would be to sell or lease to commercial interests or redevelop it as a state campus.

Some land at the corrections site in Los Lunas is used by others for agricultural, recreational, maintenance and village uses and for the county courthouse. Previously, this was a remote facility, but development is encroaching on the site. Because it is adjacent to I-25 and Highway 314, it has potential for a highway interchange.

Senator Ingle inquired about the interchanges in Los Lunas and whether they had been funded. Secretary Miller indicated that GRIP funding was given to Los Lunas for the planning

and design of an overpass and that a direct appropriation of \$1.2 million had been made as well. Deputy Secretary Giron offered to provide an update on this at the next meeting.

Mr. Petronis and Mr. Aguilar informed the commission that further analysis is necessary to understand the needs of the tenants and the gaps not filled with the current facilities. ARC needs to evaluate the best site strategy for the state, which might involve either reinvesting in the various current uses of the site or in changing to other uses. ARC will make recommendations for short- and long-term actions and capital investment.

- **Asset management system**

Mr. Petronis and Mr. Aguilar stated that they are working with the PCD to integrate facility data into a dynamic asset management system. The PCD and the Building Services Division (BSD) recently purchased Maximus Facility Focus Asset Management Software. It is a web-based system that will integrate data regarding leases, owned buildings, maintenance and project management for PCD-controlled buildings, and other modules can be added in the future. ARC's web-based system tracks functional data based on questionnaires and interviews and integrates owned and leased data for PCD and non-PCD facilities.

- **3-D of Capitol parking garage**

At the request made during the last CBPC meeting on January 12, 2007, the ARC planners presented a three-dimensional rendition of the possible options for the Capitol Campus parking structure (see meeting file).

Capitol Campus Parking Structure

Mr. Taylor informed the commission that the PCD has drafted and is recommending to the CBPC to proceed with a design-build request for proposals (RFP) for the Capitol Campus parking structure. The PCD is working with LCS staff on the development of this RFP. Although the PCD has not used design-build project delivery methods in the past, there are a number of reasons for use of this process:

1. the parking structure would be a simple enough case for the design-build delivery tool;
2. this process would save time; and
3. money could be saved through time of delivery. By networking with public schools and the University of New Mexico (UNM) and by looking at other states' experiences, the PCD has examined this process and knows what will be required.

Committee discussions resulted in above-ground parking being the favored choice, partially because it would cost less than going underground. The concern for archaeological finds would be greater going underground, but Mr. Taylor stated that construction has been done in that area before, so there is less concern about going underground than in other downtown locations. The project would need to be started and completed between legislative sessions with a completion target date of December 2008. Mr. Taylor informed the commission that the current buildings adjacent to the location of the structure would not need to be torn down before the parking structure is built depending upon what option is chosen. There would be a temporary displacement of parking spaces for staff, which may have to be accommodated by a shuttle or van service during construction.

Ms. Tackett clarified that the funding was based on at least 400 spaces and that for the initial

construction, it is not necessary to have a master plan. Mr. Taylor explained that the RFP is for a "site assessment", not for master planning.

Property Updates and Project Status

- **Coughlin property purchase**

Mr. Taylor reported that the PCD has requested \$1.5 million this session to acquire the Coughlin property, located at the Central Capitol Campus, which request was funded by the legislature. The PCD is in negotiations with Roberta Coughlin's attorney, Stuart Stein. They are in the process of drafting the purchase agreement. The negotiated sale is for \$1.3 million with the state paying all closing costs except property taxes. Speaker Lujan questioned why the state is paying the closing costs. Mr. Taylor informed him that they are working on trying to split the costs, but the commission directed Mr. Taylor to pursue the seller in paying the closing costs.

- **West Capitol Campus property**

The PCD is working with United States Senator Jeff Bingaman's Office and the United States General Services Administration (GSA) for the two-acre parcel located across from T-187 at the West Capitol Campus. The GSA has received authorization to sell the property. The PCD is proceeding with the property appraisal. An additional 11 acres owned by the United States Forest Service (USFS) will require letters of interest to the senator and the USFS from the PCD that support congressional authorization to sell the property and funding for relocation of the federal firefighters.

- **Bank of the West — due diligence**

The PCD requested funding for the acquisition of this property but was denied. The owner and the PCD are still interested and willing to continue negotiations for the property. Due to the lack of funding for this acquisition project, the PCD has not initiated an assessment of the owner's appraisal and building assessment. Mr. Taylor received the commission's permission to continue to work with the landowner on the property. In response to Senator Ingle, Mr. Taylor indicated that the offer from the landowner might be high. Speaker Lujan suggested that the YODC Candaleria property be considered first and that a comparison be done of building a new facility versus buying an old facility.

- **Albuquerque scientific laboratory update**

The project is entering into the final design phases. The bid documents are scheduled for completion by the end of September 2007. The project is scheduled to bid November 1. The bid will be a qualification/cost-based selection. The DOT has approved the frontage road access from the lab site to I-25.

- **Multi-agency campus complex in Santa Fe (Super Complex)**

This project is the design of a multiagency campus complex that will house multiple health agencies in Santa Fe. Funding for this project was for programming and schematics. The PCD has not been successful in securing any additional funding for this project in either 2006 or 2007. Site locations under consideration for this complex in order of priority are the newly purchased 14 acres located in Valdes Industrial Park, West Capitol Campus and South Capitol Campus. The South Capitol Campus is under consideration due to the fact that this location will be the main stop for the Rail Runner as the DOT project proceeds. Mr. Taylor further noted that there is one site assessment that will be considered, and it is not currently owned by the state.

Commission members expressed some concern about the size and height limits imposed on buildings in Santa Fe. Also, Mr. Petronis noted that inflationary costs run four to six percent per year.

- **Other items**

The PCD has hired a new staff architect for the division. Her name is Lemoyne Blackshear. She is a registered architect and environmental manager with 25 years of documented success in large-scale management of high-dollar, environmental and architectural projects in the United States and overseas. She has recently retired at the rank of full colonel after serving 25 years in the United States Air Force. Ms. Blackshear will begin her employment with the state on July 1, 2007.

New Mexico Department of Transportation — Updates

- **Headquarters in Santa Fe**

Deputy Secretary Giron stated that there are two offerors who met the submission criteria for the DOT general office transit oriented development project. The number-one rated offeror, Santa Fe Properties Development, is in negotiations with the department, and Deputy Secretary Giron noted that if the negotiations fail, the department will start negotiating with the second offeror, Hunt Development. The targeted time line for a contract is June 30, 2007.

Senator Altamirano passed out a diagram of the rail stop to be constructed at the DOT headquarters. Deputy Secretary Giron explained that the document being referenced by the senator is no longer the plan, but that final plans are still under negotiation and could not yet be made public. He did say that the overall mix and density of the project have not changed.

It was clarified by Deputy Secretary Giron that, although there are expected to be 2,500 to 2,800 parking spaces in the future plans, those plans do not include the use of the DOT parking spaces for the other state offices located between the tracks and St. Francis Drive.

Secretary Jaramillo expressed his concern that additional parking, possibly through the construction of a new parking structure near the Simms and Montoya buildings, needs to be considered for the future.

There was discussion among the commission members about the need for the DOT to address the funding shortfall for that project. It was noted by Deputy Secretary Giron that DOT still intends to have the Rail Runner station ready by next year when the tracks are done. He also said he would make a full presentation after the negotiations are complete. When asked about who will oversee the project, Deputy Secretary Giron said that the DOT would oversee the construction of the headquarters, but the remainder of the commercial project would be overseen by others. On May 18, an RFP was issued for a construction manager.

- **District 5 office move and water rights**

Deputy Secretary Giron stated that the RFPs on the District 5 Office move had been canceled on March 20, 2007 because the proposals were nonresponsive. A new RFP is to be issued.

Future Meeting Dates

The commission unanimously adopted the following proposed dates and times for the next

CBPC meetings: Tuesday, August 21, at 9:00 a.m.; Monday, September 24, at 1:30 p.m.; and Monday, November 19, at 10:00 a.m.

Future Agenda Items

The commission will plan to hear from the State Land Office on master planning initiatives at a future CBPC meeting.

Public Comment

There was no public comment offered.

Other Business

There was no other business discussed.

The CBPC adjourned at 3:00 p.m.